

## **DoD Human Capital Strategy**

### **I. Introduction**

The Department of Defense (DoD) must be ready to counter “an array of traditional, irregular, catastrophic, and disruptive capabilities and methods [that] threaten U.S. interests.”<sup>1</sup> To meet these challenges, no element matters more than the people who make up the Total Force: Active and Reserve Soldiers, Sailors, Marines and Airmen, and the government civilians and contractors who support the armed forces. Indeed, the majority of the defense budget supports people. The quality of those who serve provides the United States with a critical advantage against competitors. The U.S. defense force is far better trained, educated, and supported, and more competent and professional, than any current or potential rival. We value our people more and invest in them more than do our adversaries.

The United States maintains the superiority of its military capability by recognizing that this prized workforce must constantly evolve. Recruitment and retention strategies change as necessary but at least annually to meet current needs. Education and training regularly refresh and improve the skills and abilities of the workforce. And the Services – Army, Navy, Air Force, and Marine Corps – learn from one another and align the separate personnel practices of each with the others where appropriate. This collection of practices – forecasting demand, recruiting, selecting, training, developing, promoting, compensating, rewarding, retaining, transitioning to another element of the Total Force, separating, or retiring individuals, all at the best value – falls under the umbrella of human capital management.

DoD continually updates its personnel management policies, but this DoD Human Capital Strategy, as called for in the 2006 Quadrennial Defense Review, provides broad strategic guidance for the development of human capital more consistent with the needs of the 21<sup>st</sup> century. As a human capital strategy, it aims to ensure DoD has the right people, doing the right jobs, at the right time and place, and at the best value. For DoD, it must also ensure that the people needed to

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<sup>1</sup> *The National Defense Strategy of the United States of America*, 2005, p. 2.

perform the unique demands of DoD missions are provided within the context of an all-volunteer force and in accordance with federal workforce law and policy. In this regard, DoD will work closely with Congress to ensure that the law provides DoD with the authority necessary to implement this strategy.

### *The Need for a New Human Capital Strategy*

Major forces are changing the way America fights its wars and defends the nation, with implications for how DoD manages its people. The United States is well into a transformation from an industrial-age economy to an information-age one, and the defense workforce must transform with it. Rapid changes in technology and globalization have altered virtually every dimension of warfighting from the nature of the enemy to the design of the battlespace to the skills required of the people, to the capabilities required in the future. DoD now faces a wider range of adversaries that still include traditional military forces, but now also consist of rogue states, non-state organizations and even individuals with the will and means to disrupt international order.

To respond to these changes, the National Military Strategy (NMS) puts forward three principles to guide the development of the joint force: decisiveness, integration, and agility. The NMS argues that to meet these objectives, the defense workforce of tomorrow must have certain attributes. The workforce must evolve from being garrison-based to being expeditionary, from one where many are exposed to combat to one where fewer are exposed but are more capable of reaching back to support units, from one that is relatively manpower intensive to one that leverages training and technology to enhance job/mission performance, and from one that is, in general, platform-based to one that is synchronized through networks.

To evolve in this way, the work of units and individuals must be redesigned. For example, defining a job specifically within the context of certain equipment, as is often done in the defense workforce, encumbers the organization in meeting new mission needs. Supporting units, too, currently are often not mission-focused, and so slow to respond to changing mission needs. In the future, the supporting units will need to be more flexible and able to provide quick responses to combat needs. The organization must also be leaner, and this requires greater competence, reliability, and endurance among those who remain. Finally, because DoD will continue to rely on

a workforce that has been developed and trained from within DoD much more heavily than those brought in mid-career, education and training approaches must be capable of adapting and responding to needs as they emerge, such as facility with new technologies, tactics, techniques and procedures. These needs support an approach to human capital planning that is more modular, flexible and joint.

These same challenges facing the DoD workforce are also reverberating throughout the private sector. Previously, industries were organized for mass production and individuals were hired to fill a specific job. Increasingly, however, harnessing competencies and quickly adapting to changing opportunities define success. In the global competitive environment, organizations have found that success requires shifting from routine and highly scripted jobs to adapting the skills and abilities of people to the evolving demands. Accordingly, industries are adopting competency-based systems for describing and organizing the capabilities of workers. They are working across the boundaries of their individual business units to blend their functional expertise to meet challenges and remain competitive. Further, they are structuring compensation models that reward the combination of skills and performance, and investing in training and education of workers to achieve competitive advantage.

The objectives of this Human Capital Strategy reflect the principles of the National Military Strategy: maintaining a force capable of decisive effects; integrating the Joint Total Force; and enhancing individual and institutional agility to contend with uncertainty. Three initiatives will advance these objectives: competency-based occupational planning, performance-based management, and enhanced opportunities for personal and professional growth. These initiatives are intentionally presented as broad and directional guidance for human capital management; to be successful, detailed implementation plans must be developed and carried out at component organization levels. The positive contributions of the components must be clearly visible and rewarded. That is, Defense is not just a collection of components but a coordinated constellation of capabilities that is poised to respond to emerging challenges.

As DoD develops and implements its human capital strategy for the Joint Total Force, it must continue to meet the human needs of the workforces. DoD relies on all geographic, gender,

race/ethnicity, and socioeconomic segments of the U.S. population and will continue to value diversity and promote equal opportunity. Furthermore, DoD must maintain its social compact, a commitment to people and their families, and a covenant for quality of service with the workforce that adapts to the changing demands of the force.

This strategy explicates the strategic objectives in more detail, explains how DoD's strategic initiatives mesh with them and then elaborates on each initiative. It concludes with a discussion and timeline for implementing the activities.

## **II. Strategic Objectives**

### *Decisiveness*

While it has always been imperative that the United States maintains a force capable of decisive effects, the challenges in this area differ today. Defense forces must now be capable of tailoring specific actions to specific situations. As stated in the National Military Strategy, decisiveness may not require large forces but in some cases may involve innovative uses of capabilities – creating capability to mass effects rather than forces. Technological change has not only precipitated the need for change in the defense workforce, but also has facilitated change by enabling a move towards a more modular force that can exploit small unit and individual competencies. Now and in the future, commanders will focus on decisive outcomes, defining the effects they must generate and determining the capabilities they require.<sup>2</sup>

These changes in the nature of warfare call for a different kind of workforce. Perhaps the most valuable competency for today's workforce is the ability to adapt, to transfer learning from one system or scenario to another without formal retraining. The demand for those with skills working with new technologies has also increased in the military and in the private sector with globalization and technological advances. Demand is high for other competencies as well. Leadership, cultural awareness, and the ability to speak certain languages, for example, are at a premium both in DoD and the private sector.

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<sup>2</sup> *The National Military Strategy of the United States of America: A Strategy for Today; A Vision for Tomorrow*, 2004, p. 7.

These demands for people with particular competencies will require ever more sophisticated means of forecasting those demands and applying adaptive personnel policies to meet them. DoD will have to ensure that recruitment and training goals for competencies are responsive and forward-looking in order to provide a superior fighting force at the best value. The department must increase its capability to anticipate and, where possible, shape the forces that influence the availability of qualified military and civilian personnel.

### *Integration*

Now and in the future, the U.S. defense forces must also fight as an integrated whole. This means integrating through training and development the human capital capabilities of DoD workforces across not only the Services – Army, Navy, Air Force, and Marine Corps – but also across components - Active Duty or Reserves, and the civilian sector (the “Joint Total Force”). Contractors serve as an “adjunct” member of the Total Force and should, where appropriate in areas not involving inherently governmental activities, be integrated via their contracts, although their training and development fall beyond the purview of DoD. Integration seeks to ensure unity of effort so as to maximize the contribution of all partners. Military actions must be synergetic and synchronized to produce the greatest effect while taking full advantage of the cultural and doctrinal specialization of the Services and workforces. Components will remain responsible for their unique strengths and cultures, but department-wide integration and orchestration of specific and common talents are required to obtain the best-value solution and enhance core competencies. In addition, DoD must coordinate its actions with those who work alongside the forces, including other federal agencies, allied forces, nongovernmental organizations, international organizations, contractors and local civilians – a true Joint Total Force manpower solution.

Integration is a daunting task. Unlike most federal agencies, DoD is a large workforce with over three million people across multiple organizations and agencies (See Figure 1). To complicate matters, each has developed occupationally in dissimilar ways. The Army, Navy, Air Force and Marine Corps have separate occupational systems for their officer and enlisted workforces while the civilian workforces follow the patterns of the federal workforce and use that occupational system. As a result, DoD uses over 15 different occupational systems with over 6,000

occupational definitions. These workforces are further supported by private sector contractors with their own occupational differentiations.

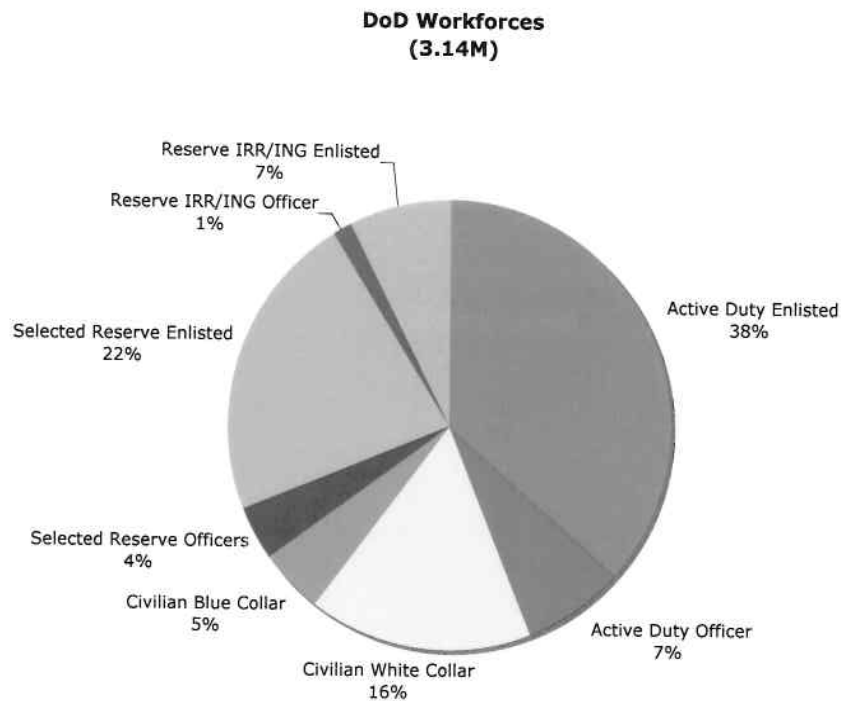


Figure 1

Until recently, these workforces have been managed as “stovepipes” with the civilian workforce following primarily Title 5, U. S. Code rules and the military workforces following Titles 10, 32, and 37, U.S. Code rules. Professional development of the civilian workforce has largely been the responsibility of the individual or his or her local commander. Both DoD and Congress have recognized the need for greater coordination across Services and components. In 1986, Congress mandated that the military workforces integrate more effectively to accomplish “joint” operations (formalized in the Goldwater-Nichols Act), and later mandated the development of a professional acquisition workforce. . More recently, in 2003, Congress gave DoD authority to establish a new human resources management system for its civilian employees. The National Security Personnel System (NSPS) defines rules for a new system for DoD civilian employees which, when implemented, will improve how they are hired, assigned, compensated, and rewarded. The future promises further integration of these workforces at all levels of organization and across the



services, expanding the definition of “Joint Matters” to include all operating domains (land, sea, air, space, and cyberspace) and types of operational partners.

This does not mean that the Joint Total Force will or should be but a blend of the various components. To borrow a metaphor from the civilian sector, the Joint Total Force should be a mosaic and not a melting pot. It is critical to preserve workforce and organizational cultures across the services and service levels. Service identity and specialization remain important. The demands that the workforce meets will continue to be determined at the component level while contributing to the overarching needs of Defense.

### *Agility*

Globalization and technological advances have contributed to an uncertain security environment, and protecting the United States in the face of this uncertainty requires greater agility. Given the breadth of challenges to national security, and the quick response times necessary to meet those challenges, it is simply not realistic to maintain a total force whose elements are customized to meet every possible threat or to fulfill every possible mission. Defense must continually assess risk and reevaluate its mission requirements to respond better to the changing nature of warfare and the national security environment.

Agility is what enables the U.S. defense forces to meet these challenges. Agility allows the total force to adapt rapidly to changing requirements through the flexible use of diverse individual and organizational capabilities linked to needed military outcomes. For a commander, agility maximizes the effects of surprise and supports quick transitions from one type or phase of an operation to another. In planning future engagements, agility enables a commander to conduct simultaneous operations while preserving the ability to respond to emerging crises.

### III. Strategic Initiatives

The three strategic objectives described above – developing a force capable of decisive effects, integrating the Joint Total Force, and increasing agility – are best realized through three human capital initiatives that should be implemented immediately.

First, DoD must develop and implement a **competency-based occupational planning system** to describe work and workers. Competencies may be defined as sets of integrated behaviors and underlying knowledge, skills, abilities, and other characteristics that define superior job performance. Under the competency-based occupational planning system, all aspects of defense capability, from firing weapons to landing aircraft, from leading troops to providing security, from manning a tank to delivering supplies will be defined by competencies and these definitions must be common across services and components. Whereas functional competencies are to be commonly defined, the set of competencies that comprise similar jobs across Services may vary. For example, the typical competencies for Military Police, Master-at-Arms, and Security Forces may vary to a degree but a competency such as “secures installations” would be commonly defined but either required or not depending upon the Service. Similarly, Navy and Air Force F-18 pilots may have different competencies (e.g., landing on a carrier v. a runway). A focus on competencies rather than simply training for specific, equipment-centric tasks will enhance capability or effects based planning. Once the competencies are defined, competencies resident in the workforces and those needed in the future must be reconciled. These demands will be based not on specific units or tasks but rather capabilities required to support DoD’s missions. In response to competency gaps, recruiting, training, and education efforts will be amended as appropriate. In addition, periodically this entire process from defining competencies to adjusting personnel practices and training must be repeated in response to future needs.

Second, DoD must develop and implement an enhanced **performance-based management system**. While the defense organizations currently use performance-based metrics in many cases, DoD will broaden the reach of these metrics both to evaluate the strengths and weakness of the establishment as a whole and to evaluate individual service members and employees.



Third, DoD must develop and implement enhanced **opportunities for personal and professional growth**. Defense organizations already strongly emphasize education and training of their personnel, but with this new human capital strategy, DoD will provide better access to better programs that support the strategic objectives, for all members of the Joint Total Force.

The strategic initiatives are interrelated in a variety of ways. For example, a well-functioning program for personal and professional growth enables DoD to attract, develop, and retain a workforce with the knowledge, skills and abilities it needs. Similarly, to have a well-functioning performance-based management system, the competencies necessary to succeed must be defined clearly and be aligned with identified Joint capabilities. In turn, those competencies must be measurable within the performance-based system. Finally, DoD cannot meet the needs of national military or defense strategy without clearly defining the competencies needed to meet that strategy, fostering them in the force through personal and professional growth, and measuring them to identify areas of strength and weakness.

The benefits and effects of these initiatives are also complementary. For example, together, they will build better surge capacity. The competency-based system improves visibility into capabilities of the Joint Total Force and lays the foundation for increasing operational availability and portability of the workforce. Integration improves coordination of the capabilities of the Joint Total Force, thereby supporting surge capacity. Second, the initiatives together will create personnel systems better aligned with mission requirements. The competency-based occupational system allows for flexibility and transfer of knowledge thus enabling more efficient and effective re-orientation of the force in response to deployment needs. The performance-based management system rewards those high performers who have the necessary competencies. Third, the initiatives together make recruitment, retention and development more efficient. The competency-based system better identifies the specific competencies to be targeted in recruitment, retention and training efforts, and fosters efficiencies in training and education. The performance-based system contributes to efficiency gains by improving the targeting of high performers for retention, as well as by identifying those who are not performing well for more training or for separation.

#### IV. Competency-Based Occupational Planning

The cornerstone of this human capital strategy is the development and implementation of a competency-based occupational system. To date, organizations, including DoD, have been designed around individuals holding jobs. Job descriptions are developed, and people are hired and compensated based on their ability to meet those job descriptions. However, as economies transition from producing goods to producing knowledge and services, this design is proving inflexible, especially for an enterprise focused on national and international security—a far cry from goods or simple services. As organizations operate more globally, the competitive environment is less predictable and less stable, and a capability to respond quickly to these changes is critical. Competitive advantage under this new framework often lies more in the ability of an organization to develop certain competencies rather than in its size, economies of scale, or resources.<sup>3</sup> Flexibility and speed are key characteristics to the future defense workforce as well.

Developing a competency-based occupational system involves some challenging tasks. First, given sufficient authority to establish such a system DoD must create a common framework or set of descriptors to define with precision the work, the worker and the workplace across components. That is, the framework must be consistent across workforces, Services, and Service components. The set of definitions must be designed to accommodate the changes in these competencies over time. Competencies can be developed at various levels of specificity. In the case of high-demand skills such as security personnel and truck drivers, the set of defined competencies must be granular enough to account for the differences that exist in the operating environment and hence conduct of similar tasks in different Services. Such specificity would enable focused training to fill gaps in critical knowledge, skills, and abilities.

Second, DoD components must identify the competencies, that are resident within their workforces and those that are needed to execute the capabilities in the short term. By identifying separately and comparing the competencies that are present with those that are needed, DoD

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<sup>3</sup> For more on competency-based organizations, see Edward Lawler, “From job-based to competency-based organizations,” *Journal of Organizational Behavior*, Vol. 15, No. 1, Jan 1994, pp. 3-15.

components will have important analysis to aid in staffing specific assignments and identifying quickly any critical competency gaps.

Third, DoD and the Services must identify the capabilities and corresponding competencies (i.e., resources) they will need in the future and develop a plan to ensure those resources are available. Each Service will examine the organizational capabilities they must have, and what individual competencies are required to deliver those capabilities. DoD and the Services will then analyze the match between needs and resources currently available. This analysis will indicate whether only incremental changes to personnel policies are necessary, or whether an entire new workforce structure is needed.

This effort requires appropriate supporting information technology systems to capture information about critical competencies (e.g., specific language and cultural expertise; information technology/information assurance capabilities), an individual's competency development and performance and on needed organizational capabilities. Managers should assess the utility of existing or emerging systems (e.g., Defense Integrated Military Human Resources System (DIMHRS)) relative to new systems. When fully implemented, the system will be able to provide valuable human capital information across components. This information will be used to provide options to leadership for shaping and relieving stress on the force and to creatively construct force packages or units for rapid delivery of capability. This is not to mean that capability is built person-by-person disregarding service domain expertise and unit cohesion. For example, building a joint staff will require individual expertise; developing mass capability will require expertise that is founded on units.

Given all the challenges that the development and implementation of a competency-based system involve, it makes sense to begin with a demonstration effort, perhaps with critically stressed functional areas. A pilot program will be essential to work out unforeseen difficulties in implementing the system and to begin to identify any unwanted outcomes that develop as a by-product of the changes.

Competency-based planning supports and drives all three strategic objectives. First, it supports a force capable of decisive effects. The U.S. military cannot maintain a force with individual specialized elements to meet each threat or fulfill each possible mission in today's complex and changing security environment. Competency-based occupational planning helps to identify the range of competencies needed to meet the array of possible threats, to generate an asymmetric offensive advantage rapidly, and to pinpoint the gaps in competencies. Also, by defining and identifying the competencies resident in the defense workforce now (and by developing those that are needed but not now present), military commanders have much greater insight into resources with which they are asked to complete a mission.

Second, competency-based planning is critical to integrating the Joint Total Force. The building blocks that are the foundation of the competency-based system will be common across services and organizations. Currently, occupational planning is task-based. Tasks are defined in a manner specific to each Service and often to each organizational level, and are more appropriate to Cold War, industrial concepts that rely on relatively fixed, routine activity. Competencies, which are more enduring and portable, describe individual attributes needed to perform successfully on the job.

Third, competency-based planning also enhances agility by developing the capability for the military to tailor units more rapidly to meet each mission. Competencies can be matched or developed to meet the needs of the rapidly changing defense environment. This advantage depends, however, on a delicate hand in developing competencies. Too much granularity in specifying those competencies will reduce responsiveness by creating over-specialization; if competencies are defined so specifically that each is held by only one individual, the entire system depends on the availability of that one individual.

Competency-based occupational planning yields other benefits as well. It increases the efficiency and productivity of defense workforces by improving the match between work demands and workforce characteristics or traits. Both are described in terms of knowledge, skills, and abilities. In the rapidly changing defense environment, people should not perform outdated or unnecessary tasks simply because they have been trained and organized to do them. Under competency-based

planning, appropriate skill sets will be developed, maintained, and changed according to mission needs. Competency-based planning also increases career path flexibility, including a continuum of service, by assessing individuals in a more specific way than is possible with current occupational identifiers and then matching those individuals with jobs. People are identified in a more accurate and specific way by their competency inventory and that determines whether they are qualified for a position. Finally, it enables linking of military and civilian skill management systems, which will enhance the leverage across each system.

Risks exist to competency-based occupational planning, and they must be understood and managed. First, its operational value depends on the degree to which competencies can be both empirically related to work requirements and validly and easily measured. Second, the demand for the workforce must be developed objectively and challenged critically. Future demands must be well reasoned, fiscally informed, and balanced between risk and readiness. Third, competencies must be defined in a consistent and internally coherent manner – the implications of these definitions are significant and so it is critical for DoD to get it right. This will not be easy.

Fourth, competency-based planning requires units that can be broken down into force packages of varying size. The ability of the military to construct small units of capability is critical. But it is also true that development and planning based solely on competencies without preserving service culture and unit cohesion threatens to undermine that culture and cohesion, which would sharply affect readiness. If people are evaluated solely as the sum of their competencies, they will treat their job solely as the sum of the tangible benefits and costs. This result would eliminate one of the critical strengths of the U.S. defense forces and would have a major effect on the military's ability to wage war, or to do much else. How to maintain this culture and cohesion under the competency system will require careful consideration.

Finally, a move from a task-based to a competency-based system requires a shift in thinking with implications for personnel policy, governing legislation, financial resources, logistical support, and virtually every aspect of the current defense workforce. It will require significant investment of time on the part of senior leadership to make it happen.

## **V. Performance-Based Management**

While competency-based occupational planning provides a new framework for thinking about the defense workforce, the inclusion of a performance-based management system will greatly enhance that system by ensuring that DoD has access to the right people at the right place at the right time and at the best value. Enhancements to the performance-based management system are critical to this endeavor.

To afford more choice, a flexible system will be designed where the components will have the option of customizing incentive structures (monetary and non-monetary benefits) as required to reflect individual preferences and the institution's desire to retain that individual. Both assessments and rewards structures will consider potential repercussions across Services and organizations as well as provide incentives to reward attainment of competencies required in Joint, Service, and coalition warfighting. As the competency-based occupational system is developed, it will incorporate performance into its structure. The strength in the combination of these two systems is the ability to reward high performance in needed competencies to manage resources more effectively.

The exact elements of this enhanced system will, and should, be left to those designing the system, but some fundamental characteristics will guide this effort. Evaluation protocols will be based on objective, measurable criteria that hold individuals accountable. Quantitative ratings will help identify both high-performing individuals and organizations as well as inform DoD of training needs where performance is low or where emerging requirements are not met. The rewards system based on those ratings will also change.

The private sector thoroughly understands the benefits of a performance-based management system and a greater emphasis on it within defense organizations will help them compete for a high-quality workforce. It will help establish a rational and predictable relationship between accountable behavior and benefits.



A performance-based management system will also enhance agility. With an understanding of its priorities and associated opportunity costs, if properly designed, it establishes the framework that can readily respond to changes in mission and personnel requirements. With a performance-based management system, when an organization realizes the need for a new or increased level of competence in the workforce, it can provide incentives, in a logical and disciplined manner, to shape behaviors (to include teamwork) and thus enhance its capability.

As with a competency based occupational system, risks with performance-based management must be understood and managed as well. While few doubt the wisdom of performance-based management in the abstract, the devil is in the details. If the system is not designed properly, results can not only be poor but can also be counterproductive. For example, if a certain behavior is present and valued but not measured, over time that behavior might lessen since the workforce has no incentive to continue it. In many situations, organizational performance and cohesion may matter more than individual performance. A performance-based system is only as good as the organization's ability to define and identify the desired behavior and to measure performance. The system also requires that management can and does make clear and unbiased distinctions in performance. It must be designed to discourage rating inflation and subjective evaluation. And it must do this in a way that minimizes the administrative burden of its adoption.

To make this process more challenging, many of the competencies so highly valued in military missions are among those most difficult to measure: competencies such as leadership and an ability to anticipate and plan for contingencies. In addition, for the military more than most organizations, individuals are valued as much for their potential as for their current abilities. For the most part, senior leaders in Defense are not hired, they are developed through military and civilian careers, and so the potential for the qualities of an effective senior leader must be identified using a common lexicon before they can be observed. Understanding how to include these competencies, either by improving how they are measured or by designing a system that can accommodate their imperfect measurement will require a great deal of thought and care.

Development of this system will require complementary changes in information technology infrastructure and governing legislation, and will demand financial resources and logistical

support. As with competency-based occupational planning, the development of a performance-based management system will only occur with the sustained focus of senior leadership.

## **VI. Providing Opportunities for Personal and Professional Growth**

The education and training initiative is derived from, and critical to, the objectives and other initiatives of this Human Capital Strategy. Education and training programs increase the potential of people who are already part of the defense workforce. These activities complement recruitment and retention efforts and form a key component in maintaining a premier fighting force. Pursuing a strategy of training and education for the high-ability workforce enables organizations to develop capabilities needed to carry out the national security strategy.

The defense workforce already rates highly across multiple abilities. These inherent characteristics are emphasized in the military and civilian recruiting and selection process. People with appropriate levels of intellectual ability, physical fitness, and conscientiousness enter the defense workforces. Nonetheless, continuous learning is an important element of every individual who participates in military missions, be they Active Duty, Reserves, or DoD civilians.

Education and training are essential to the integration of the Joint Total Force. As articulated by the Chairman of the Joint Chiefs of Staff, leaders of the future force must be developed through a well-thought-out sequence of competency-based, Joint, Service, and functional education, training, and experience.

Education and training programs are also a fundamental element of the transformation to a competency-based occupational system. As described earlier, the defense workforces must transform to have the capabilities required for broader challenges; and must be agile enough to respond quickly to a range of potential crises. Education and training programs must develop the basic competencies that enable transformational learning over the entire length of a career. Simply put, education and training initiatives are vital to the department's quest to transform its human capital.

The combination of Joint, combined and interagency capabilities in modern warfare represents an evolution in Joint warfighting. DoD's education and training efforts must encompass the entire range of individual, unit, and staff level workforce training to support joint, interagency, intergovernmental and multinational operations. The department will revise its Training Transformation Plan to ensure the Total Force is prepared for emerging and changing missions, especially irregular warfare, complex stabilization operations, and information operations.

Given the growing demands of irregular warfare and the need to engage in missions alongside national and international partners, there must also be added emphasis on developing and maintaining appropriate technical, language, cultural, and information technology expertise. Recognizing this, the Quadrennial Defense Review approved initiatives to enhance national language skills and cultural awareness, including an emphasis on specific skills training based on competencies, language skill maintenance, and cultural awareness. In addition to these strategic initiatives, more tactical and operational ones include enhancing language and regional training before deployment. Education and training programs must also support proficiency with technologies and information management to leverage technology advantages, reach back capability, and network centric warfare.

Through these education and training initiatives, DoD expects to reap the benefit of increased competency and capability. If managed properly, these efforts may also induce better retention of skilled workers by providing them the opportunity to evolve continuously their skills and to remain relevant as well as competitive. However, that same education and experience may also make it more difficult to retain workers because those skills and abilities are also valuable outside of the defense workforce. Thus DoD must be competitive as well. In addition, the benefits of the training and education only apply if they are put to use. DoD will need to put systems in place to ensure that the education and training is appropriate and applied.

## **VII. Implementation**

Implementation of the competency-based occupational system requires a focused effort under the authority of the senior leaders of the DoD with support from all components. The roadmap for

implementation of the competency-based occupational system appears immediately below. This roadmap assigns overall authority to the Under Secretary of Defense (Personnel & Readiness) and charters a Program Executive Officer to develop, acquire, and manage activities associated with implementation. The PEO will be advised by the Defense Human Resources Board (DHRB), which will use an organizational structure similar to that for the National Security Personnel System (NSPS). DoD components will provide resources as directed for PEO support and for implementation. Implementation will begin by March 2008, with spiral development continuing aggressively toward full implementation. Specific responsibilities and details of the PEO structure and schedule will be solidified in an operating charter to be developed.

Simultaneously, DoD components—military and civilian—will implement the two initiatives for performance-based management and personal and professional growth and provide their strategies for doing this to the Under Secretary of Defense for Personnel and Readiness by March 2007 in the form of a Human Capital Strategy. The military departments, the Joint Staff, and the Under Secretary of Defense for Personnel and Readiness will ensure that such strategies are integrated within the joint total force to produce agile forces capable of decisive effects. The components will undertake preparation for competency-based planning and once the competency initiative is completed, the components will incorporate the new construct into their human capital strategies.

Because of the extraordinary complexity of designing a competency-based occupational planning system and the expansive effect of its implementation, the system will be tested as a demonstration project as part of the steps taken to achieve Milestone B approval. In addition, in advance and throughout implementation of all phases of the three initiatives, DoD will monitor the effect of this strategy – the extent to which it is meeting goals and expectations set for it.

### Roadmap for Competency Occupational System

ACTION	COMPLETE	RESPONSIBILITY	EXPECTATION
Establish governance procedures	June 2006	Under Secretary of Defense for Personnel and Readiness	An Overarching Integrated Product Team composed of senior members of the Department will provide policy and strategic advice to the Senior Executive and the PEO and seek to resolve issues presented by the project manager.
Designate Defense Human Resources Board (DHRB) as Senior Advisory Group	June 2006	Under Secretary of Defense for Personnel and Readiness	SAG will be composed of DoD component line and HR leadership and will advise on the general conceptual, strategic, and implementation issues of the competency occupational system.
Provide resources	April 2006 and continuing	USD(C) ICW USD (P&R) DoD components	Resource needs determined by the PEO will be met. DoD components are responsible for resources needed for implementation.
Charter Program Executive Officer and Project Managers	Sep 2006	Under Secretary of Defense for Personnel and Readiness	PEO is accountable for developing competency occupational system design and acquisition; communicating and collaborating with stakeholders, DoD components, and other appropriate parties; and leading and managing activities associated with full implementation. Chain of supervision runs from the Secretary of Defense through the senior Executive to the PEO.
Publish detailed schedule and milestones	Oct 2006	PEO	
Provide plan for communications with internal and external stakeholders	Oct 2006	PEO	
Produce requirements document	Dec 2006	PEO	This document outlines fundamental requirements of the competency occupational system and guides design, acquisition, and implementation of all aspects of the competency occupational system.
Assess competency occupational system technology maturity and opportunities and complete analysis of alternatives to include IT architecture and applications.	March 2007	PEO	Determine the risk, uncertainty, and the relative advantages and disadvantages of alternatives being considered.
Components deliver HCS	March 2007	Components	Consistent with DoD HCS
Transition to system development and demonstration (including pilot test).	April 2007	PEO	Senior Executive will authorize entry into this designated point of the acquisition system if appropriate.
Transition to production and deployment.	March 2008	PEO	Justification to continue to the next stage of acquisition will be provided.
Begin implementation	March 2008	PEO and DoD components	Justification to continue to the next stage of acquisition will be provided.
Complete full implementation and enter sustainment	TBD	PEO, USD (P&R) DoD components,	Responsibility for sustainment policy and planning will reside with USD (P&R)
Disestablish PEO	TBD	Senior Executive	

## VIII. Conclusion

The three strategic objectives – maintaining a force capable of decisive effects, integrating the Joint Total Force, and developing an increasingly agile force – and the development and implementation of three strategic initiatives – a competency-based occupational planning system, a performance-based management system, and enhanced opportunities for personal and professional growth – together form the basis for the new Human Capital Strategy. This strategy has enormous power to reform the military and other defense organizations and fulfill DoD's mission of providing the forces needed to deter war and protect the country. No other form of capital matters more to the defense of the U.S. than its human capital, and the strategic direction to maximize the value of this capital is crucial to the success of America's joint fighting force.

In conclusion, there are two important points to make about benefits and risks. First, the benefits of this strategy lie completely in DoD's ability to execute it well. A competency-based occupational system can yield great advantages in the military's ability to provide the right people to overwhelm adversaries, control situations and achieve definitive outcomes. A performance-based management system and education and training opportunities can ensure that the needed knowledge, skills and abilities are forever at the ready. But these changes are so complex, and so fundamental to the nature of the defense workforces, that they require enormous thought and care in their development and the attention of the Department's senior leadership.

To the extent that these competencies are not measurable, not measured, or not measured properly, DoD's human capital will suffer. Key competencies not identified and not rewarded will likely wither under the new system in favor of those perhaps less important ones that are rewarded. As a quote attributed to John Maynard Keynes suggests, "It is better to be roughly right than precisely wrong." Further, the changes are massive, difficult, and long lasting. Change of this scope – in occupational planning, in performance management, and in personal and professional growth – would be difficult for any organization. But the effort to implement changes set forth in this human capital strategy in an organization the size of DoD while other significant demands are also being placed on it is of a different order of magnitude. For this reason, it is crucial that leadership for the design and implementation of the various elements is at the highest levels of the defense



organization and is sustained. Of these elements, perhaps the most critical is the well-reasoned articulation of human capital demands; if it is not correct, what follows cannot be on target. Leadership must ensure that these demands are well reasoned and fiscally informed, providing a balance between risk and readiness.

Second, the initiatives presented here are not intended to be completed only once. Defining competencies, assessing needs, developing a rewards structure, refining education and training programs are all activities that must be conducted regularly. The work, worker and workplace evolve continuously, as do the goals, missions and strategies of the military, and so the competencies that support these must also. While the first round will require the greatest effort, provisions must be made for continuous review and adjustment.